

State of Alaska FY2010 Governor's Operating Budget

Department of Health and Social Services Fraud Investigation Component Budget Summary

Component: Fraud Investigation

Contribution to Department's Mission

The Fraud Control Unit (FCU) provides cost-effective detection and deterrence of public assistance applicant and recipient fraud. The unit's efforts contribute to public assistance program integrity, financial solvency and to the public's confidence in the Division of Public Assistance's overall mission.

Core Services

- The Fraud Control Unit investigates public assistance applicant and recipient fraud allegations received from the public and division staff. Cases of proven fraud result in administrative sanctions and/or criminal prosecutions. An automated system tracks progressively severe administrative disqualification penalties for clients committing welfare fraud. Fraudulently received benefit debt amounts are determined and recovered.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$1,838,900	Personnel:	
	Full time	16
	Part time	0
	Total	16

Key Component Challenges

The Division of Public Assistance continues to make progress on the following strategies to deter fraud:

- Continued reduction of fraud referrals awaiting investigation. Incoming fraud allegations are prioritized to first address cases involving current benefit recipients. The number of referrals at times exceeds the productive capacity of the unit.
- Increase the number of cases accepted by the Department of Law for criminal prosecution. An active prosecution effort is an added deterrent to welfare fraud, and is a key component of successful fraud control.
- Effective staff development and training in investigative techniques and practices.
- Develop operational procedures to efficiently manage the complex incoming investigative workload related to Child Support Services.
- Increase the number of completed investigations that result in administrative disqualification hearings when the individual opts not to sign a hearing waiver.
- Completion of regulations establishing clear authority to enable fraud investigation and application of sanctions for intentional violation of Child Care program rules.
- Work on procedures and clarify the authority to expand the component's focus to enable investigation of Medicaid and Child Care program fraud.

Significant Changes in Results to be Delivered in FY2010

- Funding was secured in the FY09 Capital Budget to develop a new Fraud Control Management system. Converting to the new database in FY10 will enhance the ability of investigators and managers to compile investigative findings, track assigned case activity, maintain records and provide reports.
- Reduce the number of pending fraud investigations by prompt referral to disqualification hearings when clients refuse waiver offers (which will close more investigations), and by identifying and closing pended referrals with a low probability of success due to issues that are difficult to prove fraudulent (household composition) or have little cost effectiveness.

- Increasing the number of cases accepted for criminal prosecution compared to the prior year.
- Increasing the number of Intentional Program Violations (IPV) detected and successfully proven by client consent or administrative disqualification hearing decision.
- Increasing the amount of fraud debt established by successful investigative outcomes and the amount collected on new and existing fraud claims.
- Increasing the amount of direct savings realized through disqualification of fraudulent individuals.
- Establishing authority and developing procedures for Child Care fraud investigation and debt recovery.

Major Component Accomplishments in 2008

- In FY08 the unit's investigative efforts resulted in cost-avoidance, direct savings, and established fraudulent overpayment claims totaling nearly \$2.71 million. This is a 4% increase from the prior year. The deterrent value of active fraud control cannot be quantified, yet significantly adds to this total.
- The unit investigated 317 Alaska Temporary Assistance and 528 Food Stamp applicant fraud allegations resulting in estimated cost avoidance savings of \$1.6 million through benefit reduction or denial – a 13% increase from the prior year.
- The unit completed 475 recipient investigations that established \$503.1 in fraudulent overpayment debt for the Alaska Temporary Assistance, Food Stamp, Adult Public Assistance and Medicaid programs.
- Fraud debt collected for the Alaska Temporary Assistance, Food Stamp, Adult Public Assistance and Medicaid programs totaled nearly \$463.0.
- The unit's fraud investigators resulted in 85 Temporary Assistance program recipient disqualifications resulting in direct savings of \$214.8. There were 128 Food Stamp program participant disqualifications resulting in direct savings totaling \$351.8. Total savings due to participant disqualification increased by 3% over the prior year.
- Eight criminal prosecutions resulted in court-ordered restitution of \$177.3.
- Eleven additional cases involving \$267.4 in fraud loss have been formally charged.
- Succeeded in improving prosecution efforts through increased cooperation with other departments and agencies when fraudulent action affected several programs.

Statutory and Regulatory Authority

AS 47.25.975-.990 Food Stamps
 7 AAC 46.010 Food Stamps
 7 USC 2015 Food Stamps
 7 CFR 273.16 Food Stamps
 AS 47.27.005-.990 Alaska Temporary Assistance Program
 7 AAC 45.570-.585 Alaska Temporary Assistance Program
 45 CFR 235.110 Welfare Fraud
 7 AAC 43.1800-.1890 Medicaid
 7 AAC 40.480 Medicaid
 AS 47.25.500 Adult Public Assistance
 AS 09.10.120 Administrative Hearings

Contact Information

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**Fraud Investigation
Component Financial Summary**

All dollars shown in thousands

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,324.8	1,475.5	1,519.8
72000 Travel	20.2	8.4	8.4
73000 Services	282.7	300.7	300.7
74000 Commodities	13.9	10.0	10.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,641.6	1,794.6	1,838.9
Funding Sources:			
1002 Federal Receipts	841.3	1,003.3	1,026.8
1003 General Fund Match	730.8	749.4	769.3
1004 General Fund Receipts	69.5	41.9	42.8
Funding Totals	1,641.6	1,794.6	1,838.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	841.3	1,003.3	1,026.8
Restricted Total		841.3	1,003.3	1,026.8
Total Estimated Revenues		841.3	1,003.3	1,026.8

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	791.3	1,003.3	0.0	1,794.6
Adjustments which will continue current level of service:				
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	20.8	23.5	0.0	44.3
FY2010 Governor	812.1	1,026.8	0.0	1,838.9

**Fraud Investigation
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2009 Management Plan	FY2010 Governor		
Full-time	16	16	Annual Salaries	881,265
Part-time	0	0	COLA	40,434
Nonpermanent	0	0	Premium Pay	113,371
			Annual Benefits	534,681
			<i>Less 3.18% Vacancy Factor</i>	(49,951)
			Lump Sum Premium Pay	0
Totals	16	16	Total Personal Services	1,519,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant II	1	0	0	0	1
Elig Technician II	1	0	0	0	1
Elig Technician III	1	0	0	0	1
Investigator II	7	2	0	2	11
Investigator III	1	0	0	0	1
Investigator IV	1	0	0	0	1
Totals	12	2	0	2	16